

INSIDE
SPECIAL SECTION
UNDERGROUND

COAL INDUSTRY NEWS

November 2, 1981

Coal's National Newspaper

Volume 5, Number 29

\$1 a Copy; \$24 a Year

Inflation Cure Seen as Answer To Utility Woes

By GENE SMITH

NEW YORK — The Secretary of Energy and a Republican Congressman from Illinois insisted at a seminar in the New York Hilton Hotel that the key to solving financial problems of the electric utilities and boosting coal conversion lies in controlling inflation and bringing down interest rates to "reasonable levels."

Replying to a question at a press conference following his prepared talk, Energy Secretary James B. Edwards said that "the marketplace will determine the pace of coal conversions. . . . If money costs are lower that is the best assistance we can give utilities (in their efforts at coal conversion.)"

Representative Thomas J. Corcoran, Rep.-Ill., told the seminar on "The Financial Condition of Electric Utilities" sponsored jointly by United States National Committee World Energy Conference and Edison Electric Institute:

"The U.S. Government is finally seriously and steadfastly moving to control inflation and bring interest rates down to reasonable levels. Reduced inflation will help tremendously. A one percent decline in interest rates currently can save electric utility customers nearly \$200-million a year. And, reducing by one-half the burden of general regulation of business — estimated at near five percent of GNP — could save electric utility customers more than \$1.5-billion annually."

Secretary Edwards told the gathering that "bailing out the electric utility industry is not on our schedule."

In an enumeration of potential solutions to the utilities' financial problems, Edwards said that "the licensing time for new plans, both nuclear and coal, (must be shortened) by streamlining and stabilizing the regulatory process." He also called for changing the Clean Air Act

Continued on Page 6

MAPCO Pulls Out of Marley Neck Port; Pittston Remains "Still Very Interested"

By PAUL FEINE

WASHINGTON — Less than 24 hours after MAPCO Chairman Robert Thomas had told reporters here last Wednesday that his firm and Pittston Company, the last two surviving sponsors of the biggest coal export facility being planned for the Baltimore area, would continue to try to find new partners to participate in the troubled project, the Tulsa-based MAPCO abruptly pulled out of the project.

The terminal, at Marley Neck, Maryland, near Baltimore, was slated to have 15-million tons of annual coal export capacity by 1985, with expansion potential to double that level. The loading facility was to have been sponsored by a consortium including Pittston, MAPCO; Elk River Resources, a subsidiary of The Sun Company; Old Ben Coal Company, a unit of Standard Oil Company of Ohio; and General Electric's Utah International subsidiary.

Last Thursday MAPCO's assistant vice president for public relations, Paul Hart, Continued on Page 23



COAL GAS SLEUTH. A unique, new protective device for detecting corrosive alkali metals in coal-derived gaseous fuels has been developed at the General Electric Research and Development Center at Schenectady, N.Y. Displaying the "business end" of the detector is its inventor, Dr. Andrew S. Zarchy, a chemical engineer at the Center. The device's detecting element is a hot platinum filament surrounded by a cylindrical grid. Placed in a fuel gas stream, the platinum filament ionizes alkali metals that come in contact with it and repels the ions to the grid (which is negatively biased with respect to the filament). The number of ions striking the grid correlates directly with the amount of alkali metal in the fuel gas.

Thomas Urges Gas Decontrol Delay to 1982

By STEVE MARCY and DONNA SMITH

WASHINGTON — Robert E. Thomas, chairman of multiple-resource energy company Mapco, says he is optimistic about coal, that oil decontrol has led to recent production increases and that natural gas must be completely decontrolled before the proper price relationship among the three fuels shakes out.

But Thomas said he thinks President Reagan should wait until after the 1982 elections before tackling the hot issue of gas decontrol.

The Mapco chairman told a meeting of reporters that Reagan should receive the nation's economic and budget problems before tackling the natural gas issue.

Thomas called gas "the Cadillac" of fuels and said it ought to be priced above

Continued on Page 23

NEWS ROUNDUP

Elk River Resources, Old Ben Coal and Utah International have dropped out of the proposed \$150-million coal handling terminal that was planned for Baltimore. Pittston, leader of the group, insisted "this doesn't mean it's dead deal. . . . It's just on hold." MAPCO, the other partner, remained for a week longer and then quit also. The search is reportedly continuing for new partners. Elk River indicated it had "doubts about the strength" of demand for coal from Europe, while Old Ben insisted that "equal or better alternatives exist." CSX, the railroad that expected to ship the coal to the new port facility, expects the withdrawals to produce "some minor delays in the project" that was ex-

Continued on Page 6

Gorsuch Defends Budget Against Foes' Charges

By STEVE MARCY

WASHINGTON — Environmental Protection Agency Administrator Anne Gorsuch promises that the 1983 budget review does not constitute a "hidden plan to gut the agency."

But an alliance of environmental groups and their sympathizers on Capitol Hill contend that budget drafts show a 60 percent reduction in funding — counting inflation — from Carter Administration 1982 proposals.

With deadlines approaching for the en-

forcement of laws designed to assure the safe disposal of toxic substances, EPA faces a doubling of its workload in the face of staff and money reductions — if a budget similar to the early documents is enacted by Congress, sources say.

Gorsuch told electric utility representatives attending a meeting on environmental licensing that primary air-quality standards — those designed to protect human health — must continue to be based on need alone without submitting

Continued on Page 6

INSIDE

EXPANDED COAL USE TOUTED as means of avoiding "impending disaster" in New England. (Page 3)

NATIONAL POCAHONTAS MINE WINS 28th Mine Rescue & First Aid honors. (Page 3)

GOV. THORNBURGH SUPPORTS PLAN to boost Pennsylvania coal production. (Page 7)

FLUOR COMPLETES \$23-MILLION STORAGE BARN near Gillette, Wyo., for Sun Company unit. (Page 7)

FACTS & FIGURES

Domestic

Production	10/17/81	10/10/81	10/18/80
Bituminous, recent week	18,860	18,710	15,350
Bituminous, year to date	626,410	—	652,703
Anthracite, recent week	116	109	126
Anthracite, year to date	4,165	—	4,351
Railroad carloadings			
Bituminous, recent week	137,668	133,640	115,825
Bituminous, year to date	4,457,917	—	4,583,851
Anthracite, recent week	471	444	676
Anthracite, year to date	15,772	—	23,457

Production data in thousands of short tons.
Source: U.S. Dept. of Energy, Energy Information Administration-Weekly Coal Reports.

	10/17/81	10/10/81	10/18/80
Oklahoma	41	39	108
Texas	610	575	508
Utah	170	154	250
Washington	90	95	101
Wyoming	1,930	2,075	1,520
Total, western	5,072	5,229	4,333
Total, United States	18,710	19,025	15,410

In short tons (000). Source: U.S. Dept. of Energy, Energy Information Admin.-Weekly Coal Report.

Coal Labor	8/81	7/81	8/80
All employees			
Coal mining	256.8	252.8	244.0
Bituminous & lignite	253.3	249.3	240.5
Production employees			
Coal mining	212.3	208.6	200.9
Bituminous & lignite	209.2	205.5	197.8
Hours, weekly average			
Coal mining	41.7	N.A.	40.0
Bituminous & lignite	41.7	N.A.	40.0
Earnings, hourly average			
Coal mining	12.04	N.A.	10.91
Bituminous & lignite	12.08	N.A.	10.95
Earnings, weekly average			
Coal mining	502.07	484.01	436.40
Bituminous & lignite	503.74	486.01	438.00

Source: U.S. Dept. of Labor, Bureau of Labor Statistics-Employment and Earnings.

N.A.-Not Available

Production by state, bituminous and lignite	10/10/81	10/3/81	10/11/80
Alabama	656	675	510
Georgia	—	—	—
Illinois	1,604	1,582	1,202
Indiana	561	602	480
Kentucky:			
Eastern	2,741	2,800	2,099
Western	1,184	1,070	829
Total, Ky.	3,925	3,870	2,928
Maryland	74	82	88
Ohio	560	690	815
Pennsylvania	2,088	2,112	1,909
Tennessee	310	230	250
Virginia	1,180	1,220	902
West Virginia	2,680	2,733	1,992
Total, eastern	13,638	13,796	11,077

Western	10/10/81	10/3/81	10/11/80
Alaska	12	15	15
Arizona	215	225	235
Arkansas	10	11	13
Colorado	512	438	315
Iowa	15	14	11
Kansas	3	3	10
Missouri	119	125	128
Montana	710	810	592
New Mexico	340	322	274
North Dakota	295	328	253

Transportation: railroad	10/10/81	10/3/81	10/11/80
Eastern district			
Bessemer and Lake Erie	1,637	2,050	1,611
Baltimore and Ohio	8,295	9,079	6,682
Chesapeake and Ohio	16,112	17,906	15,055
Consolidated Rail Corp.	8,429	8,948	8,739
Norfolk and Western	22,599	22,436	17,817
Pittsburgh & Lake Erie	55	20	302
Western Maryland	2,196	2,425	2,459
Other, eastern district	80	18	177
Total, eastern district	59,403	62,884	52,842
Southern district			
Clinchfield Railroad	2,183	2,311	1,978
Illinois Central Gulf	5,451	4,937	5,086

	10/17/81	10/10/81	10/18/80
Louisville & Nashville	17,664	17,365	12,660
Southern Railway	9,642	10,753	8,774
Other, southern district	13	1	5
Total, southern district	34,953	35,367	28,503
Western district			
Atchison, Topeka & Santa Fe	1,765	1,669	1,466
Burlington Northern	21,586	22,578	20,334
Chicago & North Western	321	414	509
Denver & Rio Grande Western	4,636	3,942	3,630
Kansas City Southern	101	103	102
Chicago, Mil., St. Paul & Pacific	645	886	496
Missouri-Kansas-Texas	108	94	95
Missouri Pacific	5,281	5,516	3,926
Chicago, Rock Is. & Pacific	—	—	—
St. Louis-San Francisco	—	—	—
Soo Line	84	86	52
Union Pacific	4,693	4,225	3,957
Other, western district	64	123	50
Total, western district	39,284	39,636	34,617
Total, all districts	133,640	137,887	115,962

Transportation: inland rivers	10/17/81	10/10/81	10/18/80
Monongahela River, Lock 3	415,226	400,154	305,958
Allegheny River, Lock 2	13,800	25,100	15,100
Ohio River, Montgomery Lock	361,864	410,417	208,306

Source: U.S. Army Corps of Engineers, Pittsburgh District.

Bituminous and lignite consumption	5/81	4/81	3/80
Electric power utilities	44,908	43,604	41,377
Coal user stocks of coal			
Electric power utilities	147,095	163,859	170,304
Other, electric power utilities	91	73	86
Total, electric power utilities	5,008	5,035	3,725

Note: Data given in thousands of short tons.
Source: U.S. Dept. of Energy, Energy Information Administration-Weekly Coal Report.

Coal User Production	Recent	Previous	Yr. Ago
Major direct users:			
Electric utilities (Mil. Kwh., Weekly, Oct. 17, 1981)	41,446	41,501	40,743
Steel (Short tons, thousands, Weekly, Oct. 17, 1981)	2,070	2,095	2,132
Cement, Portland, U.S. shipments (Short tons, Monthly, Aug. 1981)	6,827,972	7,079,153	7,079,053
Other significant output:			
Aluminum (short tons, Month, Aug. 1981)	416,745	425,501	426,054
Passenger car production, total (Month ended Sep. 1981)	455,077	408,310	531,912
Machine tools: (Monthly)			
Net new orders (\$000, Aug. 1981)	214,000	194,800	224,450
Shipments (\$000, Aug. 1981)	328,200	367,100	310,900

Price indexes	9/81	8/81	9/80
Coal	510.6	507.3	472.1
Anthracite	620.5	595.7	478.4
Chestnut, Pa., mine	524.3	518.9	426.7
Buckwheat No. 1, Pa., mine	691.4	677.4	N.A.
Bituminous	506.2	503.6	471.0
Domestic sizes	619.5	618.9	584.9
Retail dealers	293.1	292.8	276.7
Industrial sizes, spot	436.4	434.2	398.7
Steam electric utility	139.4	138.8	123.4
Manufacturing	281.5	274.7	252.4
Metallurgical, high volatile	757.3	757.3	704.2
Metallurgical, low volatile	744.4	746.7	704.1
Industrial sizes, contract	143.2	142.5	133.9
Steam electric utility	174.9	173.2	161.8
Manufacturing	127.1	126.7	120.2
Metallurgical, high volatile	105.8	105.8	99.2
Coke (foundry by-product)	470.3	470.3	430.6
Birmingham, Ala.	485.2	485.2	439.6
Milwaukee, Wis.	470.8	470.8	420.4
Detroit, Mich.	N.A.	N.A.	423.1
Indianapolis, Ind.	484.3	484.3	437.7
St. Louis, Missouri	316.1	316.1	286.8
Philadelphia, Penna.	315.6	315.6	285.8

N.A.-Not available

FACTS & FIGURES

Exports & Imports

EXPORTS

	Quantity in short tons			Dollar Value			Avg. Value, per short ton		
	6/81	5/81	6/80	6/81	5/81	6/80	6/81	5/81	6/80
Bituminous coal, low volatile blends to make coke No. 5213110									
Japan	1,295,689	1,174,885	2,298,851	78,747,600	66,798,681	133,967,532	60.78	56.86	58.28
Italy	563,410	219,543	411,525	35,390,208	13,724,736	20,514,551	62.81	62.52	49.85
Canada	297,755	125,418	662,114	17,207,577	6,014,258	38,281,749	57.79	47.95	57.82
Brazil	147,502	—	249,033	9,353,227	—	15,041,960	63.41	—	60.40
Spain	125,592	45,151	56,616	6,947,160	2,156,389	3,176,026	55.32	47.76	56.10
Germany, F.R. (West)	114,013	81,786	112,264	7,041,817	4,629,091	5,828,572	61.76	56.80	51.90
Korea, Rep. (South)	110,654	—	79,562	5,116,855	—	4,363,771	46.24	—	54.85
Yugoslavia	98,251	—	105,091	5,921,008	—	5,407,361	60.26	—	51.45
Total, above	2,752,866	1,646,781	3,975,056	165,725,452	93,323,155	226,579,522	60.20	56.67	57.00
Total, other nations	300,826	439,385	1,928,002	16,822,722	23,303,232	99,421,535	55.92	50.76	51.57
Total, all nations	3,053,692	2,086,166	5,903,058	182,548,174	115,626,387	326,000,857	59.78	55.43	55.23
Bituminous coal, others No. 5213120									
Canada	698,144	1,230,041	1,397,937	32,608,279	56,590,363	56,396,840	46.71	46.01	40.35
Denmark	393,921	305,195	—	19,646,910	14,583,094	—	49.88	47.78	—
Japan	386,230	487,007	32,094	17,938,487	22,477,761	1,742,830	46.45	46.15	54.30
France	361,410	508,408	333,998	15,891,111	22,003,856	11,962,046	43.97	43.28	35.81
Netherlands	214,444	142,130	59,865	10,194,315	5,088,275	2,378,570	47.54	35.80	39.73
China, Taiwan	193,547	—	—	8,310,901	—	—	42.94	—	—
Italy	185,457	144,154	106,412	8,293,546	6,431,450	3,788,008	44.72	44.62	35.60
Spain	161,172	504,531	117,530	6,647,834	21,314,667	4,068,827	41.25	42.25	34.62
Total, above	2,594,325	3,321,466	2,047,836	119,531,383	148,489,506	80,337,121	46.07	44.71	39.23
Total, other nations	223,671	503,024	780,190	11,270,731	23,295,193	31,576,334	50.39	46.31	41.54
Total, all nations	2,817,996	3,824,490	2,828,026	130,802,114	171,784,699	111,913,455	46.42	44.92	39.85
Lignite No. 5213130									
Total, all nations	2,977	4,672	4,382	532,723	826,011	888,378	178.95	178.80	203.66
Coal coke for use as fuel No. 5213148									
Total, all nations	200,347	82,853	210,437	12,118,931	5,229,285	12,998,006	60.49	63.12	59.23

Quantity in short tons				Dollar Value		Avg. Value, per short ton			
142,239	196,964	110,816	7,008,046	10,286,256	4,414,159	49.27	52.22	39.83	
114,341	142,822	151,109	5,223,021	6,762,952	6,461,084	45.68	47.35	42.76	
256,580	339,786	261,925	12,231,067	17,050,208	10,875,243	47.67	50.18	41.52	
324,254	426,134	540,748	15,338,786	21,503,080	21,109,352	47.30	50.46	39.04	
580,834	765,920	802,673	27,569,853	38,552,268	31,984,595	47.47	50.33	39.85	
73	186	108	9,776	28,561	13,728	133.92	153.55	127.11	
247,541	58,893	90,765	7,637,414	1,831,682	2,636,546	30.85	31.10	29.05	
35,594	111,297	92,947	2,429,201	6,562,756	6,672,990	68.25	58.97	71.79	
283,135	170,190	183,712	10,066,615	8,394,438	9,309,538	35.55	49.32	50.67	
125,555	63,913	64,441	3,112,518	1,534,546	1,485,375	24.70	24.01	23.05	
144	20,837	—	2,890	1,001,190	—	20.07	48.05	—	
125,699	84,750	64,441	3,115,408	2,535,726	1,485,375	24.78	29.92	23.05	
30,092	84,554	60,538	2,096,964	6,676,042	5,210,715	69.69	78.96	66.07	
680	87	6,884	38,467	3,030	270,046	56.57	34.83	39.23	
12,795	133	38,712	603,637	11,785	1,199,124	47.18	88.61	30.20	

By SIMON DRESNER

In June this year, representatives of one of Germany's largest mining companies, Rheinbraun, gathered with officials of Consol, Conoco's coal subsidiary, in Germany and at Consol's head offices south of Pittsburgh.

Together they hammered out a long-term sales agreement between the German firm and Consol for the development of up to five large underground coal mines in southwestern Pennsylvania, expected to produce 12½ million tons of coal per year.

Earlier this month, members of the press had gathered in downtown Baltimore to hear about a \$110-million plan for new coal-handling facilities designed to make Baltimore harbor a major coal export terminal for Consol. These two projects reflect the company's move to meet the growing demand from European nations for steam coal. Part of the reason for this is the improving productivity in the mines.

"Productivity determines our ability to compete in world markets," says B.R. "Bobby" Brown, Consol's president and chief operating officer.

"Coal is a world commodity. The United States is competing with Canada, Australia, South Africa, and Poland to supply coal to the industrialized nations."

In the last few years, European nations have sharply increased their purchases of coal from eastern U.S. mines which produce over 10 tons per man-day versus 2 to 3 tons per man-day for English and German mines. This makes the average price of U.S. coal attractive to European nations — \$25 a ton, compared to \$70 a ton for German or British coal — even after shipping costs are added.

And U.S. coal has a further competitive edge in Europe over South African and Australian coal because the eastern U.S. coal is of high quality and transportation costs are favorable. "We can compete in terms of productivity, and we are becoming a major supplier to Europe," says Brown.

Miners and machines have been the focus of company programs aimed at reversing the dismal 50 percent decline in U.S. coal productivity that began in 1969 and did not turn around until 1979.

Consol has led the industry in this remarkable turnaround, with productivity improvements at its deep mines starting in 1978 and at its surface mines in 1975.

This productivity upswing is continuing.

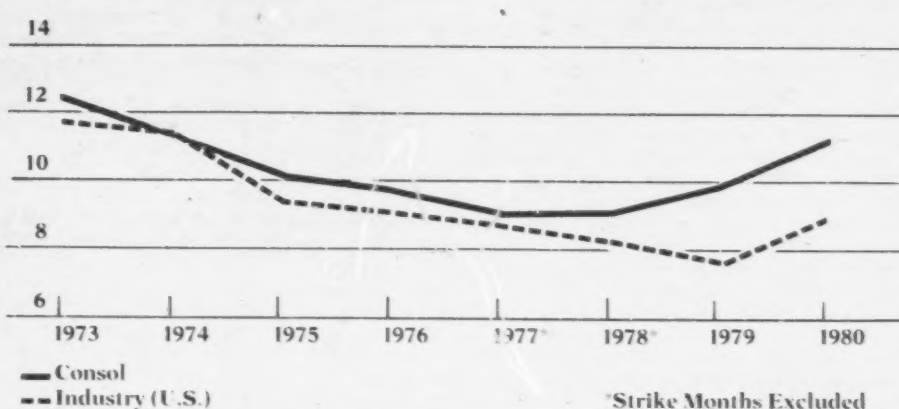
In the first three months of 1981, Consol's underground mines yielded 11.4 tons of coal per man-day, up from 11.2 tons in 1980 and 9.1 tons in 1977. Similarly, the company's surface mines produced 20.3 tons of coal per man-day during the first three months of this year.

There have been many factors contributing to the productivity gains.

Brown cites the high level of capital investment for equipment and facilities, as well as for safety, training, and engineering programs. He also points to intensive management development programs, improved work time, better maintenance engineering, efficiency improvement programs, closing of unproduc-

Coal Productivity—Deep Mines

16 Tons Per Man-Day



tive mines, work force reductions, and installation of longwalls as reasons for the productivity improvements.

Longwall mining systems, alone, have made a substantial impact on the company's productivity.

A longwall system makes repeated cuts across the coal face in long passes, allowing the roof to collapse behind the system as it moves forward. Miners are protected beneath a row of massive steel roof supports which are advanced manually with each pass of the cutting head.

In some Consol mines, longwalls are able to recover far more coal than by continuous mining machines. And a longwall system has a maximum cutting performance of 15 tons of coal per minute compared to 10 tons per minute by a continuous mining machine.

The impact a longwall system can have on productivity is very notable. For instance, the addi-

tion of its own specific circumstances taken into consideration," Brown noted.

There are some across-the-board programs that do contribute to mining productivity, however. They include improved maintenance engineering practices aimed at reducing costly equipment downtime and the company's training program for first-line supervisors which develops the foreman's ability to work with his crew to improve safety and productivity.

Since men rely so heavily on machines to mine coal, a Maintenance Engineering Department was established four years ago to pinpoint equipment breakdowns and their causes.

Consol mines coal at over 300 locations in its deep mines, and the foremen at each operating face report on mechanical failures that caused delays. The data is fed into a computerized system that identifies mechanical problems each month.

overburden which hides the coal seam.

Improvements also have been made to the highly productive longwall mining systems. Minor notes. He recalls that the early longwall mining machines were out of production up to 20 working days when the machine was moved from one block of coal to a new block.

"Now," he says, "it takes us less than ten working days, thanks to improved roof support measures and more careful planning of the move."

Good management is another key ingredient in the effort to improve productivity. Consol has designed a training program for first-line supervisors that helps foremen work with their crews to improve productivity safely.

The eight-day Fundamentals of Supervision program covers such topics as leadership, building teamwork, handling complaints, and mine economics. The first

"At some mines, the answer may be reducing absenteeism, at others new mining equipment is in order, and at other mines, better training is the key."

tion of a second longwall at the McElroy Mine in northern West Virginia was a major reason for increasing the mine's productivity between 1978 and 1980 from about 8 tons per man-day to nearly 20 tons per man-day.

But longwalls aren't the only reason Consol's mines have been producing more, Brown asserts.

"Some of our mines don't have any longwalls, simply because it's not practical to mine with those systems under certain conditions. Yet, we have made significant increases in productivity at some of these mines," he says.

Brown attributes the increases at non-longwall operations to the company's comprehensive productivity improvement program.

"At some mines, the answer may be reducing absenteeism, at others new mining equipment is in order, and at other mines, better training is the key. There's no magic solution to improving productivity that would work across-the-board at our mines. Each operation must be analyzed

"Our maintenance reporting system is one of the first and the best in the industry," says Robert H. Minor, vice president and general manager, Non-Mining Operations.

"It was a revelation to many people that the big breakdowns were not slowing us up as much as the little failures. Occurrences such as clogged water sprays and ruptured hydraulic hoses on mining equipment and electric cables were causing a multitude of brief delays. Individually, they didn't appear significant but, added together, they had tremendous impact on productivity."

These particular problems were resolved by the Maintenance Engineering Department along with many similar recurring breakdowns which were identified through the maintenance reporting system.

Other boosts to productivity have come from detailed engineering studies, as, for example, the establishment of the most effective pit dimensions at surface mines and improvements in the blasting pattern to remove

three days of the course are conducted at Consol's Pittsburgh headquarters, where foremen meet with Brown and other managers to discuss problems and solutions. The remaining five days are taught in the employee's region.

Consol has found that good communications is essential to maintain an effective work force.

Hourly employees must be fully informed of any changes in the work situation, and problems must be given quick attention. Management consistency, fairness, and an emphasis on rules of conduct have all helped to turn around Consol's productivity.

Two major impediments to increased productivity are the Federal Coal Mine Health and Safety Act of 1969 and the enactment of rigid state mine reclamation laws in the mid-1970s.

Although the Federal Mine Health and Safety Act may have contributed to an improvement in safety, compliance with its resulting regulations has caused extensive production delays.

New rules on roof supports, ventilation, and rock dusting have disrupted mining routine, often causing the loss of production from an entire mine or shift as work was halted to comply with regulations.

"Thousands of pages of regulation have been written in an attempt to make application of the law 100 percent certain," says Brown.

"We need some relief from such excesses." Strict compliance with detailed rules has made it difficult to meet actual conditions of health and safety, which vary at different times and at different locations in the mines. "More flexibility in enforcement is needed," Brown says.

"Many of the deep mine regulations do not contribute to safety," Brown adds. "And some even reduce safety because they require additional people in the mines, which increases the possibility of accidents. However, since our productivity turned around, we've also experienced an improvement in safety in terms of the number of accidents per tons of coal produced."

Consol recently assessed the effectiveness — and cost — of deep mine federal health and safety regulations in a report written after two years of study and analysis.

It was found that 40 percent of the increase in the price of coal between 1969 and 1979 was due to productivity declines resulting from compliance with the 1969 Act.

Consol's study recommends that regulatory agencies should set safety goals for miners and let those who know the job best — the mine operators — decide how to meet the goals.

Enforcement should not be punitive; teams of inspectors should work with miners on safe work practices, behavior, and motivational problems.

Also the Act's interim standards should be reviewed because many of them are confusing, lower productivity, increase costs, and do not improve safety.

"The industry has spent over \$12-billion since 1969 to comply with deep mine health and safety regulations," says Brown. "But if we spend another \$12-billion over the next ten years, let's make sure we get the proper benefits from our safety dollars."

For the future, Brown sees a continuing need for technological changes. The coal-slurry transportation system, in which crushed coal is mixed with water and pumped out of the mines, is one example.

The system breaks the transportation bottleneck that has long hampered mine productivity. Conoco and Consol has pioneered in developing a slurry system, now being perfected at the Loveridge Mine in northern West Virginia.

"We have good coal miners," says Brown. "Their work ethic is high, better than that of European labor. They take pride in their jobs, and we will continue to help them do their job by giving them good training and properly engineered equipment."

Editor's Note: The above was reprinted from Conoco '81, the magazine of Conoco, Inc.

C2350-1

1800002502 U001D B A01
MS JFANNE LONG
CONGRESSIONAL INFO SVC
4520 EAST WESY HWY STE 800
WASHINGTON DC 20014

COAL INDUSTRY NEWS

November 16, 1981

Coal's National Newspaper

Volume 5, Number 30

\$1 a Copy; \$24 a Year

White House Balks on Eminent Domain Issue

By STEVE MARCY

WASHINGTON — The President's Cabinet Council on Natural Resources and the Environment could come to no decision late last week on whether to support legislation granting eminent domain authority to coal slurry pipeline projects.

After an all-afternoon wrangle, the council finally put the issue to the President for his personal decisions, informed sources reported. The decision had reportedly been in his lap at least once before, but this time he must come to a decision, sources say, because the Administration is due to testify on the issue Tuesday before the House Interior Committee.

Expected to testify in favor of a bill now before Congress is the Interstate Commerce Commission, an independent agency. It would regulate that pipeline owners could charge for transporting coal.

The Department of Energy has reportedly recommended that the administration back the bill and is also scheduled to testify before the House panel. Expected to speak for the administration, however, is the Interior Department,

which is reportedly either divided or leaning against the issue.

Also not in favor of the legislation is the President's Council of Economic Advisers (CEA) which fears that the lower costs of piping coal will be pocketed by pipeline owners instead of being passed

Continued on Page 4

Coal to Fire 83.5% of Bay State's Power

By ROBERT E. BEDINGFIELD

BOSTON — The Massachusetts Energy Facilities Siting Council has advised Governor Edward J. King that the state's 6 major electric utilities have notified it that they believe they have potential for converting 3,551 megawatts of existing capacity from oil-to coal-burning by the mid-1980s and a total of 3,854 m.w. by 1990.

If all of the companies adhere to their conversion schedules as requested by King last Spring (CINews, April 6), coal-fired units will be providing 83.5 percent of the Bay State's electric energy in the next 9 years.

New England Electric System, the largest of the utility complexes, already has completed conversion of two of three units at Brayton Point, outside Fall River, to coal-burning and expects to have the third unit burning coal by the end of this month. The three units have a capacity of 1,164 m.w.

NEES's Massachusetts Electric sub-

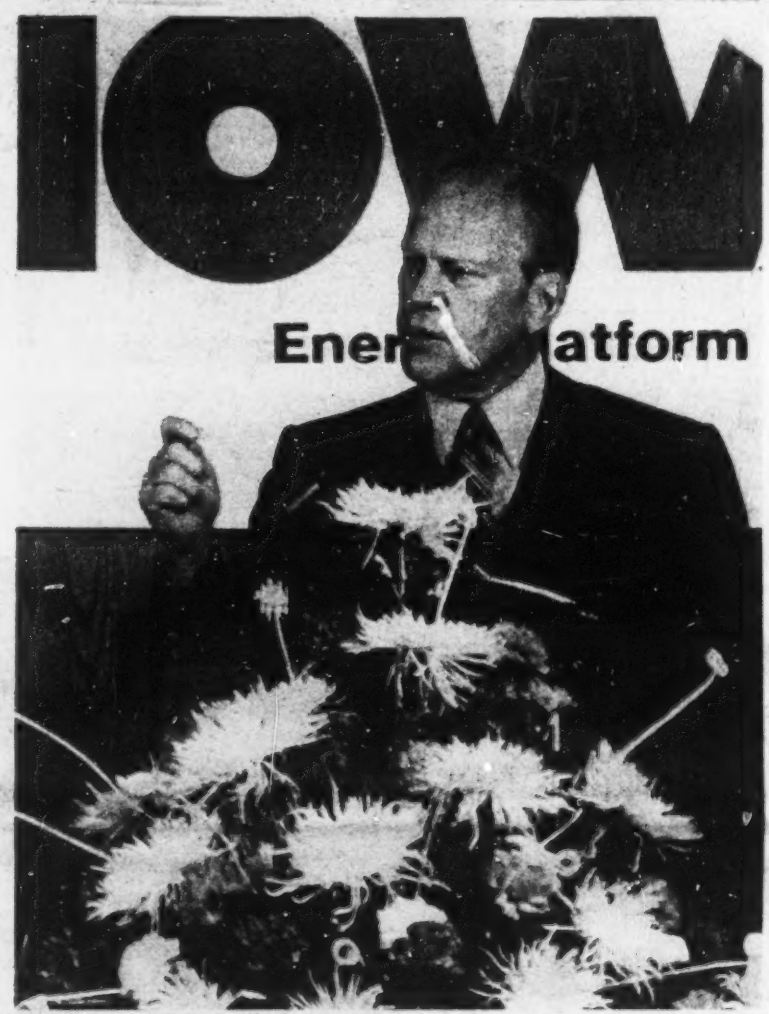
Continued on Page 4

NEWS ROUNDUP

"We didn't know how greedy the railroads would be." That's the comment of Carl E. Bagge, president of National Coal Association before the Senate Commerce Committee's surface transportation subcommittee as he joined other coal industry representatives in charging that deregulation of the railroads is having a disastrous effect on coal and other bulk shippers. The railroads hauled more than 500-million tons of coal in 1980, roughly two-thirds of total output. Bagge called on Congress to pass new legislation to counteract some of the new railroad rules and to encourage construction of coal slurry lines. Robert W. Lundgren, executive vice president of Detroit Edison, said the new railroad rules have "substantially" raised coal rates and "thereby increased prices for electricity customers."

For the first time, the Government plans to enforce the Subsidies Code and bring official complaints accusing foreign governments of unfairly subsidizing steel exports to the U.S. While Commerce Secretary Baldrige declined to identify the offenders, it was reported that France, Belgium, Luxembourg, Roumania and South Africa would be included. As expected, EEC denounced the action, stating: "The European Commission was extremely disappointed to learn of the intention of the U.S. Department of Commerce to take a step that

Continued on Page 8



ON COAL BANDWAGON: Former President Gerald R. Ford calls for better production and utilization of nation's coal at Coal Now II Conference. (Remarks on Page 22)

Virginia Coal Companies to Finance New \$285-Million Tidewater Terminal

By CARL CAHILL

CHESAPEAKE, Va. — Six of Virginia's largest coal companies told the Virginia Port Authority they will finance a state plan to build a coal terminal at Portsmouth capable of exporting 25-million tons a year, according to Glenn J. Sedam, VPA chairman.

The 6 companies which ship more than 40-million tons of coal through Hampton Roads annually, rejected another plan to build a coal pier in Suffolk.

A Portsmouth city councilman, Morton V. Whitlow, called the action "a positive economic development for Portsmouth." He said the City Council welcomes the pier as long as the state confined itself to a 400-acre site, provided tax revenues and relocated rail lines to serve the pier.

All three provisions he mentioned are included in proposed legislation which gives VPA the right to condemn land in Portsmouth.

Suffolk Mayor George H. Barnett reacted with disappointment. "We thought our site was more accessible. But we hope they can work out all their problems in Portsmouth."

The Suffolk proposal, sponsored by the

international engineering firm of Parsons, Brinkerhoff, Quade & Douglas, calls for a facility that could export 25-million tons a year.

Before choosing the VPA site at Portsmouth, the coal companies cut more than \$100-million from the original \$385-million price tag suggested in August by the state's consultants, Soros Associates. The consultants participated in scaling down project costs. The state proposal was almost \$100-million more than the Parsons-Brinkerhoff proposal for Suffolk, but the two are now comparable.

But price was not the only consideration in choosing the Portsmouth site, according to E. Morgan Massey, president of Massey Coal Company, a participating company.

The Portsmouth site poses fewer ecological problems and makes it easier to secure permits. Development of the Suffolk site might have disrupted James River oyster beds.

"We were told after a morning meeting in New York that our proposal best fits their needs and pocketbooks," said Sedam. He added that VPA and the shippers had not signed formal

agreements guaranteeing construction of the facility or private payback of construction and operating debt. He said he will seek direction from the governor and the General Assembly next week. But the

Continued on Page 4

INSIDE

RAILROAD EARNINGS MORE THAN DOUBLED the year-ago levels in the first half. (Page 3)

FORMER PRESIDENT FORD BACKS COAL industry, calling for better production and utilization. (Page 22)

DOE GIVES SR...
ING PLAN...
German...
proj...